



PUBLIC EMPLOYEE RETIREMENT SYSTEMS OF IDAHO
607 North 8th Street, Boise, Idaho 83702

MINUTES OF MEETINGS OF RETIREMENT BOARD

The Board of the Public Employee Retirement System of Idaho met in-person at 8:30 p.m., October 18, 2022. The following members were present:

Jeff Cilek
Joy Fisher
Darin DeAngeli
Celia Gould

Executive Director Don Drum, Deputy Director Michael Hampton, Deputy Attorney General Cheryl George, Chief Investment Officer Richelle Sugiyama, and Management Assistant Eliza Storms were also in attendance. Trustee Park Price was absent and excused.

Along with members of the public, some PERSI staff, and other persons attending all or portions of the meeting in person or via zoom were:

Ann O'Bradovich	Callan Associates
Alex Simpson	PERSI
Robert Schmidt	Milliman

At 8:30 a.m., Chairman Cilek called the meeting to order. He welcomed everyone to the meeting, reviewed the objectives and agenda of the meeting.

Approval of the Minutes September Minutes under review and will be presented for approval at the December Board meeting.

PORTFOLIO

Monthly Portfolio Update Chief Investment Officer, Richelle Sugiyama, provided a review of the interim report. Total Fund return is down -4.4% and total assets are \$19.835 Billion. Ms. Sugiyama gave a brief review of the asset allocations of each account broken down by asset class on the month end report, including the individual managers' pages.

Ms. Sugiyama presented Dane Smith, Vice President – Invested Strategy and Research and Andrew Yurkewych, Vice President - Account Executive with State Street Global Advisors.

Investment Manager Market Overview:

Andrew Yurkewych and Dane Smith, State Street Global Advisors, thanked the Board for the opportunity and time to be in front of the Board. Mr. Smith provided a presentation that covered "Themes in Asset Allocation" and "Themes Driving Client Considerations". Within the presentation, they discussed current macro conditions and implications, such as US inflation, real GDP growth, household consumption and an aggressive Fed.

Chairman Cilek thanked State Street for their time.

Clearwater Update

Ms. Sugiyama updated the Board that she expected Clearwater would have the full reporting template available by the end of the month.

EXECUTIVE DIRECTOR

Milliman Valuations

Robert Schmidt with Milliman presented the actuarial valuation reports for the PERSI Base Plan, Unused Sick Leave Plan, FRF (Firefighters' Retirement Fund) Plan, and JRF (Judges' Retirement Fund) Plan.

Trustee Gould moved to adopt the all four valuation reports, seconded by Trustee Fisher. The motion passed unanimously with Trustees present.

Contribution Rates

Mr. Schmidt presented several contribution rate adjustment options for the Board to consider. Mr. Schmidt explained each option and the corresponding impact on the amortization period. After a lengthy discussion by the Board, a consensus was reached on the appropriate contribution rate adjustment.

Trustee Fisher made a motion to adopt a three-step contribution rate increase that is a 1.25% increase effective July 1, 2024, a 2.50% increase effective July 1, 2025, and a 3.75% increase effective July 1, 2026, for a total contribution rate increase of 7.50%. Trustee Gould seconded the motion, which passed unanimously with Trustees present.

Employer Tour Update

Director Drum briefly discussed of the completion of his employer tour, the two draft letters to be mailed to legislature later this month, and the possibility of setting up more meetings to discuss the newly adopted contribution rate change as well as utilizing webinars to continue communication.

DEPUTY DIRECTOR

Choice Plan Document

Deputy Hampton reviewed the amendments to the Choice Plan Document. PERSI staff requested the Board to approve the amendments to the PERSI 401(K) Choice Plan Documents, as presented, except for minor technical corrections as may be needed, and to authorize the Executive Director to execute the tenth amendment to the PERSI 401(K) Choice Plan Document.

Trustee DeAngeli made a motion to approve the amended Choice Plan Document as presented, authorize staff to make technical corrections as needed, and authorize the Executive Director to execute the tenth amendment to the PERSI 401(K) Choice Plan Document. Trustee Fisher seconded the motion, which passed unanimously with Trustees present.

New Employers

Deputy Hampton introduced two new employers. East Side Fire District with four full time employees and three elected/appointed with entry date of June 15, 2022 and Filer Rural Fire District with one full-time employee, one part-time employee, and zero elected/appointed with entry date of October 1, 2022.

Investment Manager Search Update

Ann O'Bradovich with Callan reviewed the decisions previously made by the Board in June regarding the investment manager line-up in the Choice Plan. Ms. O'Bradovich provided a detailed update on the current Investment Manager Search. She reviewed the next steps, which include Board review and approval of new investment managers in the Choice Plan at December meeting.

FISCAL

FY22 Financial Audit Results

Financial Executive Officer Alex Simpson introduced Brad Berls with Eide Bailly. Mr. Berls presented the result of the audit for fiscal year ended June 30, 2022. Mr. Berls provided a recap of the results of the audit including the audit opinion which was unqualified. The financial statements taken as a whole are fairly stated, with no adjusting journal entries, and one passed adjustment. Mr. Berls advised the Board of items Eide Bailly will continue to focus on in FY 2023.

Trustee Fisher made a motion to adopt the audit as presented. Trustee Gould seconded the motion, which passed unanimously with Trustees present.

Fiscal Update/Travel/Expense Report

Mr. Simpson provided the fiscal update and presented the expense reports. There was no additional discussion or questions.

Interest Rates Update

Mr. Simpson explained the two rates presented. Regular interest rate is credited to the PERSI members' account and is 1.00%. The reinstatement interest rate is 4.75%. No Board action is required.

Budget Revisions

Portfolio

Mr. Simpson presented a Supplemental Portfolio Proposed Budget Request for FY 2024 to include new CIO Salary, the creation of a Deputy CIO position and corresponding salary, and retaining the current investment manager position. The total supplemental budget request increase is calculated at \$72k.

Trustee Fisher made a motion to approve the supplemental budget request as presented. Trustee DeAngeli seconded the motion, which passed unanimously with Trustees present.

BOARD

December Agenda: The Board reviewed the agenda for December Board Meeting. The Board discussed 2023 Board meeting dates. A proposed 2023 Board meeting schedule will be sent out to all Board members for review.

Executive Session: At 10.33 a.m. Chairman Cilek stated the Board intended to move to executive session in accordance with Idaho Code §74-206(1)(f).

Trustee Fisher made a motion to go into executive session in accordance with Idaho Code §74-206(1)(f) to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated

but imminently likely to be litigated. Trustee DeAngeli seconded the motion and the Board voted unanimously with Trustees present.


Upon conclusion of the executive session, Trustee Gould made a motion to return to regular session. Trustee Fisher seconded the motion, which passed unanimously with Trustees present.

Regular Session: The Board returned to regular session at 10:55 a.m.

Adjournment: There being no further business to come before the Board, the meeting adjourned at 10:58 a.m.


Donald Drum
Executive Director

Date

 12-6-22
Jeff Cilek
Chairman

Date